

Henrik D. Parker (*pro hac vice*)
Steven J. Rocci (*pro hac vice*)
BAKER HOSTETLER LLP
Circa Center, 12th Floor
2929 Arch Street
Philadelphia, PA 19104-2891
Telephone: (215) 564-8911
Facsimile: (215) 568-3439
Email: hparker@bakerlaw.com
srocci@bakerlaw.com

J. David Bournazian (State Bar No. 186194)
BAKER HOSTETLER LLP
600 Anton Blvd., Suite 900
Costa Mesa, CA 92626-8595
Telephone: (714) 754-6600
Facsimile: (714) 754-6611
Email: dbournazian@bakerlaw.com

Attorneys for Defendant and Counterclaimant
DOMINION DEALER SOLUTIONS, LLC,
and Defendants **AUTOBASE, INC., and**
110 REYNOLDS, LLC

IN THE UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

AUTOALERT, INC.,

Plaintiff,

V.

DOMINION DEALER SOLUTIONS,
LLC, AUTOBASE, INC.; and 110
REYNOLDS, LLC.

Defendants.

SACV12-01661 JLS (JPRx)

Complaint filed: October 1, 2012

**DEFENDANTS' OPPOSITION TO
PLAINTIFF AUTOALERT, INC.'S
MOTION TO LIFT STAY**

[Filed Concurrently with
DECLARATION OF HENRIK D. PARKER
AND SUPPORTING EXHIBITS]

Date: January 31, 2014
Time: 2:30 p.m.
Courtroom: 10-A

The Hon. Josephine L. Staton

1 TABLE OF CONTENTS

	2 Page
I. INTRODUCTION.....	3 1
II. THE STATUS OF DOMINION'S <i>INTER PARTES</i> REVIEW 5 PROCEEDINGS	6 2
A. The PTO's Erroneous Decisions.....	7 2
B. Dominion's Appeal Action Under The Administrative Procedures 9 Act In The Eastern District Of Virginia.....	8 3
C. Dominion's Petition For Mandamus In The Federal Circuit As To 9 The PTAB's Erroneous Decisions	9 4
III. THE CURRENT STAY SHOULD CONTINUE PENDING FINAL 10 RESOLUTION OF DOMINION'S MANDAMUS AND EASTERN 11 DISTRICT OF VIRGINIA ACTIONS	10 4
A. AutoAlert's Motion Is Premature Because There Has Been No 12 "Final Exhaustion Of. . . Any Appeals"	13 5
B. The Same Factors The Court Applied In Granting The Stay 14 Equally Weigh Strongly In Favor Of Continuing The Stay	15 7
1. The Case Is Still At An Early Stage, And Resolution Of The 16 Mandamus And APA Actions Is Likely To Simplify The 17 Issues.....	18 7
2. AutoAlert Will Not Suffer Any Prejudice Or Tactical 17 Disadvantage While Waiting For Resolution Of The 18 Mandamus And APA Actions	19 8
IV. AUTOALERT'S ARGUMENTS AS TO THE MERITS OF 19 DOMINION'S CONTINUING IPR PROCEEDINGS AND 20 AUTOALERT'S LAWSUIT AGAINST DEALERSOCKET ARE 21 IRRELEVANT AND ERRONEOUS	22 12
V. CONCLUSION	23 13
24	
25	
26	
27	
28	

TABLE OF AUTHORITIES

Page(s)	
2	CASES
3	
4	<i>Brand v. Miller</i> , 487 F.3d 862 (Fed. Cir.), <i>cert. denied</i> , 552 U.S. 1038 (2007) 3
5	
6	<i>Camp v. Pitts</i> , 411 U.S. 138 (1973) 9
7	
8	<i>Fla. Power & Light Co. v. Lorion</i> , 470 U.S. 729 (1985) 9
9	
10	<i>In re Howard</i> , 2013 U.S. App. LEXIS 25468 (Fed. Cir. Dec. 12, 2013) 9
11	
12	<i>In re Schmidt</i> , 2013 U.S. App. LEXIS 25467 (Fed. Cir. Dec. 12, 2013) 9
13	
14	<i>In re Van Allen</i> , 2013 U.S. App. LEXIS 25480 (Fed. Cir. Dec. 20, 2013) 9
15	
16	<i>Marshall Cty. Health Care Auth. v. Shalala</i> , 988 F.2d 1221 (D.C. Cir. 1993) 5
17	
18	<i>Rambus Inc. v. Rea</i> , Case No. 2012-1634, 2013 U.S. App. LEXIS 19500 (Fed. Cir. 2013) 3
19	
20	<i>Rempfer v. Sharfstein</i> , 583 F.3d 860 (D.C. Cir. 2009) 5
21	
22	<i>Schlagenhauf v. Holder</i> , 379 U.S. 104 (1964) 12
23	
24	STATUTES
25	
26	20 U.S.C. § 107d-2(a) 5
27	
28	25 U.S.C. § 2713(c) 5
29	
30	35 U.S.C. § 154(b)(4)(A) 6
31	
32	35 U.S.C. § 314(d) 13
33	

1 **I. INTRODUCTION**

2 AutoAlert's Motion To Lift Stay is premature because there has been no
 3 "final exhaustion of all pending IPR proceedings, including any appeals" as called
 4 for by the Order entering the stay (D.I. 41 (May 22, 2013 Order) at 6). Indeed,
 5 there are currently *two* pending appeal/review proceedings directly tied to the *inter*
 6 *partes* review ("IPR") petitions: (1) an Eastern District of Virginia appeal action
 7 under the Administrative Procedures Act ("APA"); and (2) a petition for a writ of
 8 mandamus from the Court of Appeals for the Federal Circuit seeking correction of
 9 the PTO's legally erroneous denial of Dominion's IPR petitions.

10 Given the pendency of these two proceedings, *all* of the same factors that
 11 underlay this Court's granting of the stay in the first place continue to weigh
 12 strongly in favor of maintaining that stay through resolution of both the APA
 13 appeal action and the mandamus action (*id.* at 4-6). First, the case remains in its
 14 infancy. Second, waiting for the outcome of the APA and mandamus actions will
 15 likely simplify the issues before this Court since those actions seek reversal of the
 16 PTAB's decisions on each of its five IPR petitions. Third, maintaining the stay for
 17 now would not result in any undue prejudice or any tactical disadvantage to
 18 AutoAlert for all of the same reasons that having the stay in place to date did not do
 19 so.

20 Moreover, resolution of both current proceedings should occur fairly rapidly.
 21 The mandamus petition was fully briefed as of January 6th and awaits the Federal
 22 Circuit's ruling, which – given the nature of the petition – should occur quite soon.
 23 If the Federal Circuit grants the petition, then the IPR proceedings will likely be re-
 24 started immediately and then there certainly can be no debate that there are then
 25 ongoing IPR proceedings. In addition, according to an Order Setting Pretrial
 26 Conference (Declaration Of Parker, filed herewith, Exh. A at 1), the APA action is
 27 to be tried sometime between March 17th and April 15th (60-90 days after a January
 28 15th Pretrial Conference) and – given the nature of the action – that "trial" will

1 likely be based on a submitted record and will be more akin to a summary judgment
 2 or appellate argument.

3 Because maintaining the stay would be in the interest of all parties and would
 4 promote judicial efficiency, AutoAlert's motion should be denied.

5 **II. THE STATUS OF DOMINION'S *INTER PARTES* REVIEW
 6 PROCEEDINGS**

7 **A. The PTO's Erroneous Decisions**

8 On March 28, 2013, Dominion filed IPR petitions as to all five patents
 9 asserted in this litigation. Those IPR petitions were the basis for the Court's
 10 granting of the initial stay (D.I. 41). The petitions requested IPR in light of three
 11 prior art references. Each petition contained separately-delineated sections
 12 detailing how each element of each Patent claim was taught in the references, and
 13 each petition included the Expert Declaration of Ward A. Hanson, Ph.D., a 25-year
 14 veteran in the field to which the asserted patents pertain. The Hanson Declaration
 15 consisted of close to 50 pages of expert testimony, discussing in detail what each
 16 reference would have taught to one of ordinary skill in the art at the relevant time
 17 frame, and demonstrating how the references taught or suggested the claims of the
 18 patents. The Hanson Declaration included specific conclusions that each patent
 19 claim was taught by the prior art.¹

20 Despite the well-supported petitions, on August 12 and 15, 2013, the Patent
 21 Trial and Appeals Board ("PTAB") issued decisions denying Dominion's IPR
 22 petitions (see Exhs. 1-5 as attached to the Summers Declaration filed with
 23 AutoAlert's current motion – "Summers Decl."). In each decision, the PTAB
 24 neither questioned Dr. Hanson's credibility nor his status as an expert at the time
 25 that the alleged inventions were made, nor did the PTAB conclude that the
 26 references' teachings contradicted the Hanson Declaration. Yet, the PTAB refused

27

 28 ¹ These petitions and declaration are voluminous and are not submitted here so as
 not to overburden this Court. Should the Court desire to see them, Dominion will
 immediately provide copies.

1 to accept his unrebutted and uncontradicted testimony showing how the references
 2 would have taught each patent's claims to one of ordinary skill in the art at the
 3 relevant time. Instead of crediting Dr. Hanson's testimony as it was required to do
 4 (*Brand v. Miller*, 487 F.3d 862, 869 (Fed. Cir.), *cert. denied*, 552 U.S. 1038 (2007);
 5 *Rambus Inc. v. Rea*, Case No. 2012-1634, 2013 U.S. App. LEXIS 19500, *22 (Fed.
 6 Cir. 2013)), the PTAB improperly substituted its own views without any supporting
 7 evidence.

8 **B. Dominion's Appeal Action Under The Administrative**
 9 **Procedures Act In The Eastern District Of Virginia**

10 Given the PTAB's abuses of discretion, Dominion filed a Complaint in the
 11 Eastern District of Virginia under the Administrative Procedures Act (chapter 7 of
 12 title 5 of the U.S. code, the "APA") on October 15, 2013, appealing the PTAB's
 13 decisions (Parker Decl. Exh. B). Dominion alleged that, in each of the five
 14 decisions on its IPR petitions, the PTAB improperly substituted its own assumed
 15 expertise and views for undisputed evidence that more than met the applicable
 16 "reasonable likelihood" of unpatentability standard for instituting trial proceedings.
 17 As such, the PTAB's failure to institute trial on the petitions was contrary to law
 18 and exceeded the PTAB's statutory authority. Dominion requested that the Eastern
 19 District of Virginia vacate the PTO's decisions and order the PTO to institute trial
 20 proceedings on each of the IPR petitions.

21 On December 20, 2013, the PTO filed a motion to dismiss for purported lack
 22 of subject-matter jurisdiction and failure to state a claim for which relief can be
 23 granted. Dominion's response, in which it will oppose that motion, is currently due
 24 on January 17, 2014. The PTO's reply is due on January 23, 2014. A decision on
 25 the motion to dismiss, as explained below, is expected around March 2014. If the
 26 motion is denied, then Dominion expects that a "trial" date will be set for late
 27 March or early April at a January 15th Pretrial Conference (Parker Decl. Exh. A at
 28 1).

1 **C. Dominion's Petition For Mandamus In The Federal Circuit**
 2 **As To The PTAB's Erroneous Decisions**

3 On November 26, 2013, Dominion filed a petition for mandamus relief in the
 4 Federal Circuit (Summers Decl. Exh. 14). As explained in that petition, the PTAB
 5 arbitrarily and capriciously failed to apply the "reasonable likelihood" threshold
 6 standard, instead preemptively delving into the ultimate merits, substituting its own
 7 views for unrebutted record evidence, and, in certain instances, applying an unduly
 8 high standard requiring that prior art references "facially describe" the claim
 9 element(s) at issue. Among other things, Dominion has requested that the Federal
 10 Circuit vacate the PTAB's decisions and remand those decisions to the PTO with
 11 instructions to institute IPR trials on each.

12 The PTO filed its response to the mandamus petition on December 19, 2013,
 13 and Dominion filed a Reply on January 6th. There is no further briefing on the
 14 mandamus action. As explained below, a decision on Dominion's petition is
 15 expected in February or March 2014.

16 **III. THE CURRENT STAY SHOULD CONTINUE PENDING FINAL**
 17 **RESOLUTION OF DOMINION'S MANDAMUS AND EASTERN**
 18 **DISTRICT OF VIRGINIA ACTIONS**

19 The Court should deny AutoAlert's motion to lift the stay for at least three
 20 reasons. First, as explained below, the motion is premature. The Court's Order
 21 imposing the stay provides a specific condition for when the stay may be lifted, and
 22 that condition has not yet occurred. Second, all of the factors that were applied in
 23 finding the stay appropriate originally remain applicable and support continuing the
 24 stay pending resolution of the APA and mandamus actions. Third, it is likely that a
 25 decision as to whether or not the PTO must institute IPR proceedings as to the five
 26 patents at issue will be reached within no more than a few months. As such, the
 27 potential benefits of a stay outweigh any potential detriment from the short
 28 continuance of the stay.

1 **A. AutoAlert's Motion Is Premature Because There Has Been**
 2 **No "Final Exhaustion Of. . . Any Appeals"**

3 This Court has specifically stated that the present action is stayed “pending
 4 final exhaustion of all pending IPR proceedings, including any appeals” (D.I. 41 at
 5 6). That Order came only after the Court specifically rejected AutoAlert’s
 6 contention in opposing Dominion’s initial motion for a stay that, if the Court were
 7 to allow a stay, it should do so only through the issuance of a final appealable
 8 decision and not through any subsequent appeals (*id.* at 6 n.5). In rejecting this
 9 argument, the Court explained that, because the same considerations would weigh
 10 in favor of staying the case through a final determination, rather than a final
 11 appealable decision, it was not limiting the stay as AutoAlert had requested (*id.*).

12 Contrary to AutoAlert’s contention (Mot. at 5), the IPR proceedings and
 13 appeals are not “done.” Although the PTAB has issued decisions denying the IPR
 14 petitions, the mandamus and APA proceedings are simply continuations of the IPR
 15 proceedings.

16 First, APA reviews of federal agency decisions (like those here) serve as
 17 “appeals” of those decisions. *See, e.g., Marshall Cty. Health Care Auth. v. Shalala*,
 18 988 F.2d 1221, 1226 (D.C. Cir. 1993) (“Appellants misunderstand the role the
 19 district court plays when it reviews agency action. The district court sits as an
 20 appellate tribunal, not as a court authorized to determine in a trial-type proceeding
 21 whether the Secretary’s study was factually flawed.”); *see also Rempfer v.*
 22 *Sharfstein*, 583 F.3d 860, 865 (D.C. Cir. 2009) (“We review the district court’s
 23 APA ruling *de novo*, as if the agency’s decision had been appealed to this court
 24 directly”) (internal quotation marks omitted). In fact, many federal statutes
 25 themselves characterize APA actions as “appeals” of agency decisions. *See, e.g.*,
 26 25 U.S.C. § 2713(c) (providing that Commission’s approval of fines “shall be
 27 appealable to the appropriate Federal district court pursuant to chapter 7 of title 5”);
 28 20 U.S.C. § 107d-2(a) (providing that decision of arbitration panel is “subject to

1 appeal and review as final agency action for purposes of chapter 7 of such Title 5”).
2 Significantly, the Patent Act’s authorization of review of PTO patent term
3 adjustment determinations, which are governed by “[c]hapter 7 of title 5” (i.e., the
4 APA) is codified in a section entitled “[a]ppeal of patent term adjustment
5 determination.” 35 U.S.C. § 154(b)(4)(A).

6 Moreover, although petitions for writs of mandamus are not technically
7 “appeals,” Dominion’s mandamus petition seeks essentially the same relief as if it
8 were an appeal of the PTAB’s decisions on its IPR petitions. The mandamus
9 petition asks that the Federal Circuit set aside the decisions regarding the invalidity
10 of the five asserted patents. In addition, in line with this Court’s reasoning in its
11 Order extending the stay through all appeals, the very same considerations that
12 would weigh in favor of staying the district court litigation pending an appeal after
13 a final PTAB decision on the merits if Dominion’s IPR petitions had been granted
14 (as they should have been) also weigh in favor of maintaining the stay pending
15 resolution of the mandamus action. Consequently, to say that Dominion’s petition
16 for a writ does not constitute part of the IPR proceedings for purposes of continuing
17 the stay improperly places form over substance.

18 AutoAlert’s reliance on the fact that “upon denial of all five IPR petitions,
19 the Court contemplated that the stay would be in effect for no more than three
20 months” and that “Defendants did not raise the prospect of the Virginia lawsuit or
21 the petition for a writ of mandamus when it argued in favor of staying this case”
(Mot. at 1, 5-6, 8) is misplaced. While Dominion did not expressly state that it
22 would bring an APA action if the PTO denied its IPR petitions, Dominion at the
23 time could not have reasonably expected that the PTO would abuse its discretion
24 and render decisions on the petitions that were contrary to law. And, even if it had,
25 Dominion would have had no reason to believe that bringing an APA action would
26 not fall within the scope of the Court’s Order as part of the PTO proceedings such
27 that the stay would continue.

1 The Court presumably did not expect that an APA action would have to be
 2 filed at the time either. In fact, if the PTO had not denied the petitions for such a
 3 legally erroneous reason, an APA action would have been unnecessary. Thus,
 4 AutoAlert's reliance on the Court's suggestion that the stay might only last three
 5 months if the IPR petitions are rejected is seemingly misplaced in view of the
 6 changed circumstances and Dominion's need to bring the APA action.

7 Thus, until both the mandamus and APA actions are resolved, there will be
 8 no "final exhaustion of all pending IPR proceedings, including any appeals."
 9 Dominion's APA action is an "appeal" of the IPR proceedings; the mandamus
 10 action is at least a continuation of the IPR proceedings. Because Dominion's IPR
 11 proceedings have not been exhausted, the Court's Order mandates that the stay
 12 continue and AutoAlert's motion be denied.

13 **B. The Same Factors The Court Applied In Granting The Stay**
 14 **Equally Weigh Strongly In Favor Of Continuing The Stay**

15 The same factors that the Court used in determining to grant the stay in the
 16 first instance – the stage of the litigation, simplification of the issues, and lack of
 17 undue prejudice or clear tactical disadvantage (D.I. 41 at 4-6) – strongly weigh in
 18 favor of maintaining the stay.

19 **1. The Case Is Still At An Early Stage, And Resolution**
 20 **Of The Mandamus And APA Actions Is Likely To**
 21 **Simplify The Issues**

22 As to the first and second factors, the relevant facts remain exactly the same
 23 as they were before the stay was granted originally. As the Court previously noted,
 24 the case is in its infancy and no discovery has been sought, no dates have been set,
 25 and the parties have not conferred on any substantive issues (*id.* at 4-5). Moreover,
 26 waiting for the outcome of the APA and mandamus actions will likely result in
 27 simplifying the issues that this Court must consider. In particular, Dominion has
 28 challenged the PTAB's decisions on each of its five IPR petitions. In resolving the

1 mandamus and APA actions, there is a significant chance that the Federal Circuit
2 and/or the Eastern District of Virginia will conclude that the PTAB acted
3 improperly and will compel the PTO to grant each of the IPR petitions. After the
4 IPR petitions are granted, the PTAB's review of the five asserted patents could
5 eliminate the need for trial if the claims are cancelled or, if the claims survive,
6 facilitate trial by providing the court with expert opinion of the USPTO and
7 clarifying the scope of the claims. In other words, all of the possible gained
8 efficiencies discussed when considering the original stay motion remain possible.

2. **AutoAlert Will Not Suffer Any Prejudice Or Tactical Disadvantage While Waiting For Resolution Of The Mandamus And APA Actions**

12 Nor would waiting for the resolution of the mandamus and APA actions be
13 unduly prejudicial or lead to any tactical disadvantage to AutoAlert.

14 For example, if it were true, as AutoAlert insists (Mot. at 6-7), that
15 Dominion’s APA action is meritless and will be dismissed for lack of subject
16 matter, then any delay in waiting for the APA to be resolved would be minimal at
17 best. In the *Versata* case cited by AutoAlert (1:13-cv-328), the Eastern District of
18 Virginia took less than three months after the motion to dismiss was filed to decide
19 the motion. *Compare* D.I. 16 (Motion to Dismiss filed May 16, 2013) with D.I. 46
20 (Order granting Motion to Dismiss issued August 7, 2013). If that timeframe held
21 true in Dominion’s appeal there, it would be decided in mid-March.

22 Moreover, even if the PTO’s motion to dismiss is denied in the Virginia
23 action, the APA lawsuit will be streamlined because it is: (1) in the Eastern District
24 of Virginia² and (2) it is an APA action.³ Indeed, as mentioned above, the Virginia

26 ² The average time for disposition of a civil action in the Eastern District of
27 Virginia in 2013 is approximately 5 months. See
28 <http://www.uscourts.gov/viewer.aspx?doc=/uscourts/Statistics/FederalCourtManagementStatistics/2013/district-fcms-profiles-september-2013.pdf&page=25> (last
 visited January 10, 2013).

1 court has stated its intention to schedule any “trial” for some time in late March or
 2 early April (Parker Decl. Exh. A at 1). That “trial” will really amount to an oral
 3 argument of a summary judgment motion. In other words, it will not take more
 4 than a few hours, and an opinion on the merits can be anticipated not long
 5 thereafter.

6 With respect to the mandamus proceeding, because the petition – filed on
 7 November 26, 2013 – has already been fully briefed, it is likely that a substantive
 8 decision will issue within a matter of weeks based on recent mandamus petitions to
 9 the Federal Circuit. *See, e.g., In re Van Allen*, 2013 U.S. App. LEXIS 25480 (Fed.
 10 Cir. Dec. 20, 2013) (decision issued approximately two months after petition was
 11 filed); *In re Schmidt*, 2013 U.S. App. LEXIS 25467 (Fed. Cir. Dec. 12, 2013)
 12 (same); *In re Howard*, 2013 U.S. App. LEXIS 25468 (Fed. Cir. Dec. 12, 2013)
 13 (decision approximately three months after filing of petition).

14 As such, the substantive conclusions in both the APA action and the Federal
 15 Circuit mandamus petition should be reached in no more than three to four months,
 16 and quite possibly sooner. Hence, maintaining the stay pending resolution of the
 17 APA and mandamus actions would not cause any significant delay or harm to
 18 AutoAlert. (Of course, if either the Eastern District of Virginia or Federal Circuit
 19 grant the relief requested by Dominion (i.e., compelling the PTO to grant the five
 20 IPR petitions), then the PTO’s reviews of the five asserted patents will continue on
 21 a similar timeline as before.)

22 At the same time, all of the facts demonstrating a lack of undue prejudice and
 23 tactical disadvantage that formed the basis for the Court’s initially granting the stay
 24 remain just as true and applicable today. For example, AutoAlert waited to file its

25
 26 ³ For example, discovery is unavailable or at least limited in APA actions, and
 27 resolution of those actions is typically based on the administrative record alone
 28 (although Dominion intends to seek limited document discovery). *Camp v. Pitts*,
 411 U.S. 138, 142 (1973); *see also Fla. Power & Light Co. v. Lorion*, 470 U.S. 729,
 743-44 (1985).

1 Complaint for at least two years after acquiring its patents, and at least two years
 2 after Dominion acquired DealActivator and began selling it (DI 41 at 4-5).
 3 AutoAlert then waited more than three months from filing its Complaint to serve it
 4 on Dominion. *Id.* Even now, AutoAlert waited eight weeks after Dominion had
 5 lost its Requests For Reconsideration before the PTAB on October 10, 2013, before
 6 filing its Motion To Lift The Stay.

7 In view of these facts, AutoAlert cannot complain that an additional short
 8 stay – one that would be much shorter than AutoAlert’s delay in bringing suit –
 9 would cause any irreparable harm. As this Court previously found, monetary
 10 damages will adequately compensate AutoAlert should Dominion be found liable
 11 for patent infringement, as evidenced by AutoAlert’s failure to move for a
 12 preliminary injunction (*id.* at 5). And, while Dominion and AutoAlert are direct
 13 competitors, the effect of a stay on AutoAlert’s market share is diluted by the
 14 presence of numerous other companies in the same market (*id.*).

15 Significantly, had the PTAB not abused its discretion and had granted the
 16 five IPR petitions, the proceedings within the PTAB would be ongoing at this
 17 moment and would be continuing for at least several months. Nevertheless, this
 18 Court already specifically found that having a stay in place for that period of time
 19 would not cause AutoAlert irreparable harm. That lack of irreparable harm does
 20 not suddenly change simply because the stay is occurring while the proceedings are
 21 in the Federal Circuit and the Eastern District of Virginia and not the PTO.

22 Other relevant facts have also come to light since the initial stay was granted.
 23 For example, contrary to AutoAlert’s argument in its briefing on the initial motion
 24 for stay that no other companies’ products had significant market share besides
 25 AutoAlert’s and Dominion’s (D.I. 28 at 8) – a claim that was de-bunked by
 26 Dominion in its Reply back then (D.I. 40 at 7 and D.I. 40-1 at ¶¶14 and 17),
 27 AutoAlert has since sued another company, DealerSocket, based on the same
 28 patents at issue here (*see* Mot. at 5). Unlike here, AutoAlert did move for a

1 preliminary injunction in that case, arguing that DealerSocket's sales were harming
 2 AutoAlert's market share (*id.*). If Dominion's sales were also truly harming
 3 AutoAlert's market share, surely AutoAlert would have moved for a preliminary
 4 injunction against Dominion.

5 The only assertions that AutoAlert makes that are arguably related to the
 6 relevant factors for determining the appropriateness of a continued stay are:

- 7 (1) "it would be fundamentally unfair and prejudicial . . . to allow the stay
 8 to remain while Dominion seeks an advisory mandamus that has
 9 nothing to do with AutoAlert" (*id.* at 7); and
- 10 (2) AutoAlert should not have to wait "years" to enforce its patents while
 11 Dominion pursues "every conceivable path" to avoid facing liability
 12 for allegedly infringing its patents (*id.* at 8).

13 Both assertions, however, misstate the facts. As to the first, Dominion is not just
 14 seeking an advisory mandamus, let alone one that will have no impact on the IPR
 15 proceedings involving AutoAlert's patents. Rather, Dominion's mandamus petition
 16 specifically requests that the Federal Circuit reverse the PTO's decisions on all the
 17 IPR petitions and initiate proceedings with respect to all five patents (*see, e.g.*,
 18 Summers Decl. Exh. 14 at 1, 30).

19 AutoAlert's second assertion is similarly far from accurate. AutoAlert will
 20 not have to wait "years" if the stay is continued. Again, it is only a matter of weeks
 21 before the mandamus petition should be decided and at most a few months before
 22 resolution of the Virginia action.

23 Waiting for the outcome of the mandamus and APA actions will aid in
 24 simplifying the issues, and neither party would be unduly burdened or prejudiced
 25 by the minimal amount of delay that could result.

26 ///

27 ///

28 ///

1 **IV. AUTOALERT'S ARGUMENTS AS TO THE MERITS OF**
 2 **DOMINION'S CONTINUING IPR PROCEEDINGS AND**
 3 **AUTOALERT'S LAWSUIT AGAINST DEALERSOCKET ARE**
 4 **IRRELEVANT AND ERRONEOUS**

5 Rather than properly focusing on whether or not the relevant factors
 6 discussed above support continuing the stay, AutoAlert instead mostly argues about
 7 the merits of Dominion's APA and mandamus actions, effectively asking this Court
 8 to determine legal issues that are to be decided by the Federal Circuit and Eastern
 9 District of Virginia. Those arguments are both inaccurate and inappropriate within
 10 the context of the present motion.

11 In particular, Dominion's APA and mandamus actions are not simply "delay
 12 measures designed to excuse Dominion from . . . requesting a lift of the stay" (Mot.
 13 at 1). Dominion filed these actions because it legitimately seeks relief from the
 14 PTAB's abuses of discretion in not granting the five IPR petitions. Mandamus and
 15 APA actions are frequently filed against the PTO in similar situations and
 16 Dominion's actions have substantial merit, despite AutoAlert's self-serving
 17 allegations to the contrary.

18 As to the mandamus petition, AutoAlert primarily argues that Dominion
 19 "cannot show that it has a clear and indisputable right to the writ" (*id.* at 7). But
 20 Dominion has done exactly that. As can be gleaned from a review of Dominion's
 21 mandamus petition (Summers Decl. Exh. 14), and as explained above, Dominion is
 22 entitled to the writ in view of the PTAB's various legal errors and abuses of
 23 discretion in failing to grant the petitions, including its improper application of the
 24 "reasonable likelihood" of unpatentability standard, the scope of which is an issue
 25 of first impression for the Federal Circuit as presented in Dominion's Petition For
 26 Writ. *See Schlagenhauf v. Holder*, 379 U.S. 104 (1964) (holding that writ of
 27 mandamus is appropriate for dealing with "basic and undecided" questions when a
 28 lower forum abuses its authority).

1 AutoAlert’s argument that the APA action is “expressly forbidden by statute
 2 and should be dismissed for lack of subject matter jurisdiction” is even more
 3 erroneous (Mot. at 5-6). Dominion’s response to the pending motion to dismiss in
 4 the APA action is due January 17th and Dominion currently plans to oppose the
 5 motion. Although 35 U.S.C. § 314(d) states that decisions whether or not to
 6 institute IPR trials are “final and nonappealable,” that does not mean that such
 7 decisions cannot be challenged under the APA in district court. Notably, the single
 8 case that AutoAlert cites (the *Versata* case) is currently on appeal in the Federal
 9 Circuit. Since the *Versata* lawsuit was dismissed based on § 314(d), the appellant
 10 there will likely raise the issue as to whether or not APA actions can be based on
 11 seeking review of incorrect decisions on IPR petitions, and it will be the Federal
 12 Circuit (and not AutoAlert) who will decide that question.

13 AutoAlert’s final argument – that the stay should be lifted “to promote
 14 judicial efficiency across AutoAlert’s two pending patent infringement cases” (Mot.
 15 at 8) – also misses the point. First, the accused infringers and products are different
 16 in each case and, thus, involve significantly different facts and circumstances.
 17 While claim construction and validity issues may (or may not) be similar, the
 18 alleged infringement and damages issues will not.

19 Second, the reason for granting a stay pending IPR in the first place is to
 20 promote judicial efficiency by not having the parties and the Court unnecessarily
 21 expend time and resources litigating the district court case when the litigation could
 22 be simplified (or even avoided) if the case is stayed pending resolution of the IPR
 23 proceedings. Lifting the stay now would be contrary to such reasoning.

24 **V. CONCLUSION**

25 Because proceedings relating to Dominion’s IPR petitions – both mandamus
 26 and an APA action – are ongoing, AutoAlert’s motion to lift the stay is premature.
 27 Moreover, the same considerations that favored initially granting the stay remain
 28 and weigh heavily in favor of continuing the stay. The case is in its early stages,

1 waiting for the outcome of the mandamus and APA actions would be beneficial to
2 simplifying the issues, and neither party would be unduly burdened or prejudiced.

3 The Court should deny AutoAlert's motion and leave the stay in place
4 pending resolution of at least Dominion's mandamus and APA actions.

5
6 Dated: January 10, 2014

BAKER HOSTETLER LLP

7
8 By: */s/ Henrik D. Parker*
/s/ J. David Bournazian

9
10 Henrik D. Parker
11 Attorneys for Defendant and
12 Counter-Claimant DOMINION DEALER
13 SOLUTIONS, LLC, and Defendants
14 AUTOBASE, INC., and 110 REYNOLDS, LLC

15
16
17
18
19
20
21
22
23
24
25
26
27
28
BAKER & HOSTETLER LLP
ATTORNEYS AT LAW
COSTA MESA